

**THE CHANCERY COURT FOR LEWIS COUNTY
AT HOHENWALD, TENNESSEE**

IN RE:

SENTINEL TRUST COMPANY

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NO. 4781

**MOTION FOR APPROVAL OF SETTLEMENT INVOLVING A SETTLEMENT
RELATING TO THE TARRANT COUNTY, TEXAS BOND ISSUE AND FOR
APPROVAL OF FINAL DISTRIBUTION TO BONDHOLDERS ON THE TARRANT
COUNTY, TEXAS BOND ISSUE AND THE CLOSING OF MATTERS RELATING TO
THAT ISSUE SAVE THROUGH THE PROOF OF CLAIM PROCESS**

I. INTRODUCTION

Sentinel Trust Company, in Liquidation ("Sentinel Trust"), moves the Court 1) to approve a settlement reached in relation to the Tarrant County, Texas Health Facilities Development Corporation Hospital Revenue Bonds (Community Health Care Foundation, Inc. Project, Series 1991 Consolidated Bond Issue) ("Tarrant County Bond Issue"), 2) to approve the final distribution to bondholders of the Tarrant County Bond Issue, and 3) to close all matters regarding claims of Tarrant County Bond Issue bondholders save through the pending Sentinel Trust proof of claim process. This Motion is filed and approval of the Court is sought pursuant to T.C.A. § 45-2-1504(a).

II. FACTUAL BACKGROUND

The Tarrant County Bond Issue was issued in 1991 to provide funds to acquire a hospital in Beaumont, Texas. The Tarrant County Bond Issue fell into default in 2002, which, in turn, gave rise to Sentinel Trust's filing an action seeking appointment of a receiver over the collateral

standing behind the bonds.¹ After operating in receivership for approximately a year and a half, Community Health Care Foundation, the borrower in the Tarrant County Bond Issue, filed bankruptcy.² From that point, the principal proceedings concerning the default of the Tarrant County Bond Issue have occurred in the Community Health Care Foundation bankruptcy.

Prior to the institution of this Sentinel Trust receivership, agreements and discussions concerning the sale and purchase of the Tarrant County Bond Issue collateral occurred in the context of the Community Health Care Foundation bankruptcy proceedings. The Purchase Agreement relating to that sale was presented and approved by the bankruptcy court on January 29, 2004 and was amended through further order of that bankruptcy court on April 26, 2004. The actual sale of the collateral, however, did not occur until after the institution of the Sentinel Trust receivership.

Since the May 18, 2004 institution of the Sentinel Trust receivership, matters relating to the sale of the collateral and disposition of proceeds have been presented to this Court as well as the Community Health Care Foundation bankruptcy court. See e.g. Motion to Enter Into Reimbursement Agreement and to Modify Sale Terms (filed in this Court on August 16, 2004), and Order Granting Motion (entered by this Court on August 23, 2004). As a result of that modification of sale terms, the collateral standing behind the Tarrant County Bond Issue was sold, and, on September 29, 2004, \$1,620,000.00 was sent to the Sentinel Trust Receiver. An amount of \$900,000.00 was held back and retained in the Community Health Care Foundation bankruptcy proceedings for the purpose of addressing a pending adversary proceeding brought by Tri-Health Services, Inc. ("Tri-Health"), which was a former receiver and manager of the

¹ Sentinel Trust Company v. Community Health Care Foundation, et al, No. 1-02CV0251 (U.S. Dist. Ct. -- E.D. Texas).

² In Re: Community Health Care Foundation, Inc., No. 03-11710 (U.S. Bkr. Ct. -- E.D. Texas).

Texas receivership. Tri-Health claimed a prior lien on the collateral proceeds for unpaid management fees and expenses in an amount of \$900,000.00. Settlement of that adversary proceeding has been reached conditioned upon approval of this Court and the Community Health Care Foundation bankruptcy court. That settlement, if approved, would result in an additional \$262,000.00 being placed in the Sentinel Trust receivership.

Due to the existence of the Community Health Care Foundation bankruptcy and the opportunities afforded in that proceeding for claims to be brought by creditors and claimants relating to the Tarrant County Bond Issue and due to the fact that the sole remaining claim in that bankruptcy proceeding (i.e., the Tri-Health adversary proceeding) has been settled, subject to court approvals, the Sentinel Trust Receiver reasonably believes that there are no other creditors or claimants on the Tarrant County Bond Issue, aside from the bondholders themselves.

III. APPROVAL OF THE SETTLEMENT WITH TRI-HEALTH SERVICES, INC.

Tri-Health, in its capacity as a previous receiver to the Community Health Care Foundation Texas receivership, claimed that it was owed approximately \$900,000.00 in fees for services rendered to that estate. Tri-Health brought its claim in an adversary proceeding in the Community Health Care Foundation bankruptcy. Because of the pendency of that adversary proceeding, the Community Health Care Foundation bankruptcy court retained \$900,000.00 from the sale of the collateral when, in September 2004, it disbursed the amount of \$1,620,000.00 to the Sentinel Trust Receiver. Sentinel Trust and Tri-Health have agreed, subject to the bankruptcy court's and this Court's approval, to settle the dispute by having the \$900,000.00 disbursed \$262,000.00 to the Sentinel Trust Receiver and \$638,000.00 to Tri-Health.³

³ Interest earned on that amount will be prorated as between the Sentinel Trust Receiver and Tri-Health.

As a previous receiver, Tri-Health argued that it had a lien for all of its unpaid fees and expenses and, thus, its position vis-à-vis the \$900,000.00 held by the bankruptcy court was superior to the Tarrant County Bond Issue bondholders. Tri-Health also urged the position that it had rendered services under the contract which, according to it, amounted to the full \$900,000.00. Sentinel Trust advanced numerous positions in objection to Tri-Health regarding matters such as double billing, mismanagement and accounting/billing irregularities. In the end, however, risks and costs attendant to litigation counseled towards settlement of the dispute. The Receiver and the Commissioner-in-Possession have been apprised of the matters relating to this settlement and herein request that it be approved by the Court. Attached as **Exhibit A** hereto is the approved settlement agreement between the Sentinel Trust Receiver and Tri-Health. Counsel for the parties to that agreement will submit an agreed order to the Community Health Care Foundation bankruptcy court upon gaining this Court's approval, as requested herein.

IV. DEDUCTION OF FEES AND EXPENSES

The Tarrant County Bond Issue documents provide that, in a default context, fees and expenses attendant to the default and the preservation and realization upon collateral were to be deducted from the proceeds of the collateral, with the remainder to then be distributed to the bondholders. As has been referred to numerous times in this receivership, Sentinel Trust, pre-May 18, 2004, transferred large amounts of money from a SunTrust Bank pooled fiduciary account to pay for the fees and expenses that were incurred in numerous bond issue defaults, one being the Tarrant County Bond Issue default. It appears from the Receiver's investigation that funds were transferred from the SunTrust Bank pooled fiduciary account such that, as of May 18, 2004, a "negative" or "overdrawn" position of \$390,806.52 existed in the SunTrust Bank pooled fiduciary account in relation to the Tarrant County Bond Issue. Attached as **Exhibit B** hereto is the summary and breakdown of that amount. The Receiver, since receiving the \$1,620,000.00

referenced above, has transferred \$390,806.52 back into the SunTrust Bank pooled fiduciary account where it still remains.

Pre- May 18, 2004, fiduciary fees and related default administration fees are shown as being owed to Sentinel Trust regarding the Tarrant County Bond Issue default. Based on records available to the Receiver and its investigation, there are \$214,506.31 of pre- May 18, 2004 fiduciary fees, interest and default administration charges owed to Sentinel Trust arising from the Tarrant County Bond Issue default. See Exhibit B. These fees and expenses were the charges allowed under the bond issue documents and were owed to Sentinel Trust. These monies would be used to fund the operations of the Sentinel Trust receivership including the Receiver's efforts to increase the funds/assets of the receivership estate.⁴ Moreover, if there are excess amounts in the Sentinel Trust receivership operating accounts at the time of determining final distribution to the remaining claimants and creditors, those funds will be used to increase the pro rata distributions to those claimants and creditors.⁵

Records available to the Sentinel Trust Receiver indicate that there were fees for attorney-provided services on the Tarrant County Bond Issue default pre- May 18, 2004 which were unpaid as of the institution of the Sentinel Trust receivership and which are still unpaid. The total unadjusted amounts of these attorneys' fees are \$11,988.83 (Waller Lansden) and \$252.00 (Heartfield & McGinnis -- local Texas counsel). The Receiver has determined that the fees and expenses owed to Waller Lansden and Heartfield & McGinnis, respectively, are reasonable and appear to have been necessary for Sentinel Trust to perform its duties as the

⁴ The monies realized as fees and expenses from the Tarrant County Bond Issue are only part of the monies which have provided, and will continue to provide, funds to operate the Sentinel Trust receivership. Fiduciary fees and other charges are being deducted from other default bonds and have been, and will be, realized when collateral from those other default bond issues are realized.

⁵ The "then remaining claimants and creditors" are expected to be the claimants and creditors who/which have claims as against the shortfall in the SunTrust Bank pooled fiduciary account.

indenture trustee for the Tarrant County Bond Issue. Nevertheless, as an accommodation to the circumstances confronting the Sentinel Trust receivership, the law firms, to which these fees for services are duly owed, have agreed to reduce the amount by fifty percent (50%), the total thereafter being \$5,999.42 for Waller Lansden and \$126.00 for Heartfield & McGinnis. See Exhibit B. The Receiver recommends that this reduction be accepted and that the Court approve the reduced amounts to be paid from the amount realized from the Tarrant County Bond Issue.

The final component of fees and expenses relating to the Tarrant County Bond Issue default are the post- May 18, 2004 fiduciary fees, counsel fees and receivership expenses/administrative expenses. The charging of post- May 18, 2004 fiduciary, default administration and related fees and charges is based on fees and charges set by the Tarrant County Bond Issue documents and fee schedules, which are the same fees and expenses charged pre- May 18, 2004. These fees total \$212,988.00 (see Exhibit B). To the extent that payment of post- May 18, 2004 fiduciary fees, default administrative and related charges (which, along with funds from other sources, go to fund the operations of the Sentinel Trust receivership -- see footnote 4) result in an excess of funds at the time of determination of final distribution to then remaining claimants and creditors, those funds will be used to increase the pro rata distribution to those claimants and creditors.

Based upon the expected need for payment of residual expenses incurred in closing the Community Health Care bankruptcy/Tri-Health matters and incurred in the distribution of monies to the Tarrant County Bond Issue bondholders, the amount of \$9,062.50 is shown as being held back from distribution to these bondholders. See Exhibit B.

V. DISTRIBUTION TO BONDHOLDERS

As shown in **Exhibit B**, and assuming that this Court approves the settlement with Tri-Health and the additional \$262,000.00 is paid into the Sentinel Trust receivership estate, the

amount that remains yields a distribution to the Tarrant County Bond Issue bondholders of \$35.25 per \$1,000.00.

VI. ARGUMENT IN FAVOR OF DISTRIBUTION TO BONDHOLDERS AND PAYMENT OF FEES AND EXPENSES AS SET FORTH HEREIN

Three and one-half cents on the dollar is not good. But, unfortunately, that poor yield appears to be more the result of investing in a venture that involved financing of a doctor's hospital in an over-saturated area and the lack of any significant interest in purchasing the facility (i.e., the collateral) post-default, as opposed to the poor yield being the result of the amounts which are shown as being deducted from the collateral proceeds. The \$390,806.52 amount, which reflects monies taken from the SunTrust Bank pooled fiduciary account should be placed back into that account to help address the shortfall in that account. The amounts of fiduciary fees, default administration fees and other attendant charges are based upon the fees and expenses allowed by the bond issue documents and published fee/charge schedules. As mentioned earlier, these fees and expenses (along with funds from many other sources) are funding the operations of Sentinel Trust receivership including the efforts to further recover funds and to grow the assets of the receivership estate. Any excess monies at the end of the receivership will be distributed to the then remaining creditors and claimants. Accordingly, the Receiver urges the Court to approve the distribution of monies received from the sale of the Tarrant County Bond Issue collateral as set forth in **Exhibit B** hereto.⁶

VII. REQUEST FOR COURT TO ORDER THAT PAYMENT OF PROPOSED DISTRIBUTION TO BONDHOLDERS EXTINGUISHES ALL CLAIMS AS AGAINST SENTINEL TRUST SAVE THROUGH THE PROOF OF CLAIM PROCESS

The Receiver requests that, as part of the Court's Order approving the Tarrant County Bond Issue distribution, the Court provide that the bondholders' recourse regarding matters

⁶ This, of course, includes the \$262,000.00 proceeds from the Tri-Health settlement.

relating to the Tarrant County Bond Issue be limited to presenting a proof of claim in the proof of claim process. All of the current Tarrant County Bond Issue bondholders known to the Sentinel Trust Receiver have received notice of, and information concerning, the Sentinel Trust proof of claim process. Attached as **Exhibit C** is the information which was sent, on January 31, 2005, from the Receiver to every known current Tarrant County Bond Issue bondholder. As has earlier been stated to the Court in different contexts, it is extremely important that multiple actions by varying groups of bondholders, racing to the courthouse to gain advantage as to one another, not be allowed. Similarly, it is very important that the proof of claim process be the venue for uniform treatment of claimants under this Court's supervision and that the Receiver's pursuit of third-party claims on behalf of all claimants be allowed unimpeded. For these reasons, it is requested that the Court's Order include a provision requiring that any Tarrant County Bond Issue bondholder pursue claims relating to that bond issue in the Sentinel Trust receivership through the proof of claim procedure.

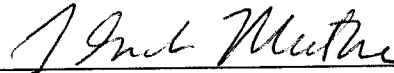
VIII. NOTICE TO BONDHOLDERS

Notice of this Motion was provided to all of the current Tarrant County Bond Issue bondholders known to the Sentinel Trust Receiver. That Notice, a copy of which is attached as **Exhibit D**, was mailed on Friday, February 18, 2005, to each known current bondholder at his/her/its address as reflected in the Sentinel Trust records. That Notice informs the bondholders of much of the contents of this Motion, informs them of when and where the hearing of this Motion is to occur, directs them to the Department of Financial Institutions website to review the full text of this Motion (including exhibits) and provides them with telephone numbers to call with questions.

IX. CONCLUSION

For the stated reasons, the Sentinel Trust Receiver requests that an Order of Court issue as requested herein.

Respectfully submitted,



J. Graham Matherne, BPR #11294
Wyatt, Tarrant & Combs, LLP
2525 West End Avenue, Suite 1500
Nashville, TN 37203-1423
(615) 244-0020

*Counsel for Jeanne Barnes Bryant and
Receivership Management, Inc., Receiver
of Sentinel Trust Company, in Liquidation*

**THIS MOTION IS SET TO BE HEARD ON THE 28th DAY OF FEBRUARY, 2005
AT 9:00 A.M. IN HOHENWALD, LEWIS COUNTY, TENNESSEE.**

CERTIFICATE OF SERVICE

This is to certify that on February 17th, 2005 copies of the foregoing Motion and Exhibits have been sent by First Class U.S. Mail, postage paid, to:

Janet M. Kleinfelter
Senior Counsel
Office of the Attorney General
Financial Division
425 5th Avenue North
P.O. Box 20207
Nashville, TN 37243

Carrol Kilgore
Branstetter, Kilgore, Stranch & Jennings
227 Second Avenue North
4th Floor
Nashville, TN 37201

Donald Schwendimann
306 W. Main Street
P.O. Box 366
Hohenwald, TN 38462

Larry Stewart
Stokes, Bartholomew, Evans & Petree
424 Church Street, Suite 2800
Nashville, TN 37219

David D. Peluso
106 East Main Street
Hohenwald, TN 38462

James S. Hereford, Jr.
310 W. College Street
P.O. Box 802
Fayetteville, TN 37334-0802

William B. Hubbard
Weed, Hubbard, Berry & Doughty
SunTrust Bank Bldg., Suite 1420
201 Fourth Avenue North
Nashville, TN 37219

Diana M. Thimmig
Roetzel & Andress
1375 East Ninth Street
One Cleveland Center, Ninth Floor
Cleveland, OH 44114

James S. Chase
John A. Decker
Hunton & Williams LLP
900 South Gay Street, Suite 2000
P.O. Box 951
Knoxville, TN 37901

David E. Lemke, Esq.
Waller, Landsen, Dortch & Davis PLLC
511 Union Street, Suite 2100
Nashville, TN 37219

Thad Heartfield
Heartfield & McGinnis, L.L.P.
2195 Dowlen Road
Beaumont, TX 77706



J. Graham Matherne

SETTLEMENT AGREEMENT & MUTUAL RELEASE

THIS SETTLEMENT AGREEMENT AND MUTUAL RELEASE (the "Settlement Agreement" or "Agreement") is entered into between and among the following parties:

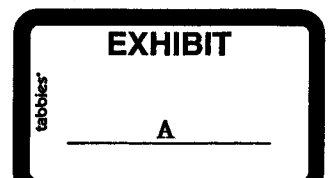
- (1) **Receivership Management, Inc.**, ("RMI") in its capacity as the receiver (pursuant to Tennessee Code Annotated § 45-2-1502) for **Sentinel Trust Company**, as indenture trustee (herein RMI as receiver for Sentinel shall be referred to as "Sentinel"), whose mailing address is 215 Centerview Drive Brentwood, TN 37027; and
- (2) **Tri-Health Management, LLC** (herein referred to as "Tri-Health"), an Arkansas limited liability company, whose mailing address is 2915 Kavanaugh Blvd., Suite 114, Little Rock, AR 72205.

This Settlement Agreement is a private agreement and is to be kept confidential and not filed for record or disclosed or discussed with any other person, unless required by law, or as needed to obtain court approval, or unless otherwise consented to in writing by the parties hereto. Sentinel and Tri-Health hereby acknowledge that this Settlement Agreement shall not be effective, unless and until the Chancery Court for Lewis County, Tennessee (the "Chancery Court") and the Bankruptcy Court for the Eastern District of Texas, Beaumont Division (the "Bankruptcy Court") approve the Settlement Agreement. Accordingly, this Settlement Agreement shall be effective upon the approval of both the Chancery Court and the Bankruptcy Court, as provided herein.

RECITALS:

The parties recite and acknowledge the following:

By this Agreement, the parties desire to compromise and settle all disputes, controversies, claims, counterclaims and causes of action that exist or that are alleged or that could be alleged to exist between them and that arise from or relate to the subject matter of that certain adversary proceeding styled "*Tri-Health Management, LLC, Plaintiff, v. Sentinel Trust Company, Defendant*", now pending in the Bankruptcy Court, under Adversary Proceeding Number 04-01014 (the "Adversary Proceeding"). The Adversary Proceeding was filed as an adversary proceeding in connection with the Chapter 11 bankruptcy proceeding of Community Health Foundation, Inc. (the "Debtor"), Case No. 03-11710 (the "Bankruptcy Case"). The parties acknowledge that in connection with the Bankruptcy Case, the Bankruptcy Court entered an order on or about January 29, 2004 (the "Sale Order") authorizing the sale of the Debtor's principal asset commonly referred to as "Doctors Hospital" (the "Hospital"). Under the terms of the Sale Order, as amended, \$3,200,000.00 from the proceeds of the sale were set aside and ordered to be paid to Sentinel in satisfaction of its properly perfected, first priority lien in the Hospital, provided that out of said proceeds paid to Sentinel the sum of \$900,000.00 (the "Escrow Amount") was ordered to be placed in escrow pending the resolution of the claims made by Tri-Health for payment of certain receiver's fees. Pursuant to the Sale Order, Tri-Health filed the Adversary Proceeding to assert a prior and superior lien in and claim to the Escrow Amount. Tri-Health's claim arose from services provided as receiver of the Hospital in a receivership case pending in the



United States District Court of the Eastern District of Texas, styled "*Sentinel Trust Company v. Community Health Foundation, Inc., et al*", Case No. 1-02CV0251 (the "Receivership Case"). Sentinel disputes Tri-Health's claims and filed counterclaims against Tri-Health in the Adversary Proceeding. By this Agreement, Tri-Health and Sentinel have agreed to settle the Adversary Proceeding and have agreed to the division of the Escrow Amount in accordance with the terms of this Agreement.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and promises made herein, the parties hereto agree to the following:

1. Sentinel and Tri-Health agree that the Escrow Amount shall be paid and disbursed as follows:

\$637,500.00 to Tri-Health; and
\$262,500.00 to Sentinel.

Tri-Health and Sentinel shall file a joint motion with the Bankruptcy Court in the Adversary Proceeding advising the Bankruptcy Court of this Settlement Agreement and requesting that the Court approve of the settlement and order that the Escrow Amount be disbursed by the escrow agent to Tri-Health and Sentinel in accordance with the terms of this Settlement Agreement. Sentinel shall file a motion with the Chancery Court advising the Chancery Court of this Settlement Agreement and requesting that the Court approve of the settlement and order that the Escrow Amount be disbursed by the escrow agent to Tri-Health and Sentinel in accordance with the terms of this Settlement Agreement. This Settlement Agreement and the parties agreement to settle the Adversary Proceeding is conditioned upon getting such approval from the Bankruptcy Court and the Chancery Court and is conditioned upon the parties receiving the Escrow Amount in accordance with the terms of this Settlement Agreement. If the parties do not obtain the approval of the Bankruptcy Court or the Chancery Court, or do not receive the Escrow Amount in accordance with the terms of this Agreement, then this Agreement shall automatically become null and void, and nothing herein shall be admissible against either Tri-Health or Sentinel in the Adversary Proceeding or any other litigation now pending, or hereafter filed between Tri-Health Released Parties (defined below) and the Sentinel Released Parties (defined below).

2. Tri-Health, for and in consideration of this Settlement Agreement, but subject to receiving its share of the Escrow Amount as set forth above, the sufficiency of which consideration is hereby acknowledged and confessed, has **ACQUITTED, RELEASED AND FOREVER DISCHARGED**, and by these presents does for itself and for and on behalf of its owners, officers, directors, shareholders, partners, members, representatives, successors, assigns, agents and attorneys, hereby **ACQUITS, RELEASES AND FOREVER DISCHARGES** Sentinel and each of its respective owners, shareholders, officers, directors, employees, attorneys (including but not limited to David E. Lemke, Derek W. Edwards, Eric Schultenover, Jeffery Fuller, Waller Lansden Dortch & Davis, PLLC, J. Thad Heartfield and Heartfield & McGinnis, LLP), agents, representatives, successors and assigns, and all companies affiliated or related to Sentinel (hereinafter all of such released parties referred to collectively as the "Sentinel Released Parties"), of and from any and all claims, demands, debts, liens, causes of action, damages or liabilities, at law or in equity, either in contract or in tort, as well as any other character or kind of action, known and unknown, now held or owned by Tri-

Health or any person or company affiliated or related to Tri-Health, in whole or in part, which Tri-Health may now have or may hereafter claim to hold or possess, on account of, growing out of, related to or concerning, whether directly or indirectly, proximately or remotely, or which in any way relate to or arise from the subject matter of the Adversary Proceeding. The parties acknowledge that Tri-Health or entities related to Tri-Health have served as receiver for other hospitals or institutions in which Sentinel has an interest and that there is other litigation pending between Tri-Health and Sentinel that is unrelated to Doctor's Hospital and that this Settlement Agreement only settles and releases the claims and causes of action pertaining or related to or arising from Doctor's Hospital.

3. Sentinel, for and in consideration of this Settlement Agreement and the agreements made herein, but subject to receipt of their share of the Escrow Amount as set forth above, the sufficiency of which consideration is hereby acknowledged and confessed, has **ACQUITTED, RELEASED AND FOREVER DISCHARGED**, and by these presents does for itself and for and on behalf of its owners, officers, directors, shareholders, partners, members, representatives, successors, assigns, agents, attorneys, and all related and affiliated companies hereby **ACQUITS, RELEASES AND FOREVER DISCHARGES** Tri-Health and Tri-Health's owners, shareholders, officers and directors (including but not limited to Jim Koch), employees, attorneys (including but not limited to Lance Fox and Orgain, Bell & Tucker, L.L.P.), agents, representatives, successors and assigns, and all companies affiliated or related to Tri-Health (hereinafter all of such released parties referred to collectively as the "Tri-Health Released Parties"), of and from any and all claims, counterclaims, demands, debts, liens, causes of action, damages or liabilities, at law or in equity, either in contract or in tort, as well as any other character or kind of action, known and unknown, now held or owned by Sentinel or any person or company affiliated or related to Sentinel, in whole or in part, which Sentinel may now have or may hereafter claim to hold or possess, on account of, growing out of, related to or concerning, whether directly or indirectly, proximately or remotely, or which in any way relate to or arise from the subject matter of the Adversary Proceeding. The parties acknowledge that Tri-Health or entities related to Tri-Health have served as receiver for other hospitals or institutions in which Sentinel has an interest and that there is other litigation pending between Tri-Health and Sentinel that is unrelated to Doctor's Hospital and that this Settlement Agreement only settles and releases the claims and causes of action pertaining or related to or arising from Doctor's Hospital.

4. It is also understood and agreed that this Settlement Agreement is a **FULL AND FINAL MUTUAL RELEASE AND DISCHARGE** of the Sentinel Released Parties and the Tri-Health Released Parties, and their respective agents, servants, employees, partners, owners, heirs, successors, assigns and attorneys, though not expressly named herein, from any matter or thing dealt with herein, and that same may be pleaded as an absolute and final bar to any and all suits pending or which may hereafter be pending or prosecuted by either such party or by anyone claiming by, through or under them.

5. The parties acknowledge and represent that they each are fully competent to make this Settlement Agreement, that no promise or agreement which is not herein expressed has been made to them; that in executing this Settlement Agreement each party is not relying upon any statement or representation of the other parties or any agent or representative of the other parties, but instead are relying upon

its own judgment and evaluation of the benefits of this Settlement Agreement.

6. It is further understood and agreed that the parties hereto do not admit any negligence or liability whatsoever to the other parties by reason of the occurrences mentioned herein, liability therefore being specifically denied; that this Settlement Agreement is being made purely upon a compromise basis, and that this Settlement Agreement shall never be used as evidence of liability of the parties hereto in any suit or suits, claims or causes of action whatsoever.

7. All parties to this Settlement Agreement agree that they shall keep the terms of this Agreement confidential and they shall not discuss or disclose the terms hereof to any other person, except as disclosure is required by law or to obtain court approval, or as otherwise agreed to in writing by the parties.

8. This Settlement Agreement shall be binding upon and shall inure to the benefit of the parties hereto, their respective successors, representatives, heirs, and assigns.

9. This Settlement Agreement shall constitute the entire agreement and understanding of the parties concerning the matters referenced herein. This Settlement Agreement may be modified, if at all, only by a written agreement executed and delivered by all of the parties.

IN TESTIMONY WHEREOF, the parties have executed this Settlement Agreement in duplicate originals on the date opposite their signatures below.

**SENTINEL TRUST COMPANY
by RECEIVERSHIP MANAGEMENT, INC.**

TRI-HEALTH MANAGEMENT, LLC

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Sentinel Trust Company
Tarrant County, TX Health Facilities Development Corporation Hospital Revenue Bonds
(Community Health Care Foundation, Inc. Project),
Series 1991 Consolidated
\$29,745,000
Default Issue

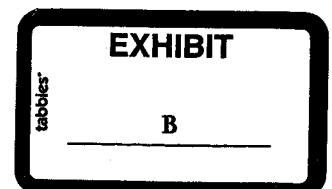
Final Accounting for Final Distribution to Tarrant County, Texas-Health Facilities
Bondholders

Account Summary for Tarrant County, Texas-Health Facilities
For the Period May 20, 2002 through May 10, 2004

Summary

Total Money Received (9/29/04 from Sale of Collateral)	1,620,000.00
Additional funds from lawsuit settlement	262,000.00
Total Pre May 18, 2004 Payable Due Fiduciary Account	(390,806.52)
Pre May 18, 2004 Payable Due Sentinel Trust Company	(214,506.31)
Total Pre May 18, 2004 Attorney Fees Unpaid	(6,125.42)
Total Post May 18, 2004 Expenses Due	<u>(212,988.00)</u>
Net Total Available to Bondholders	1,057,573.75
 Total Amount Payable to Bondholders	 (1,048,511.25)
(Payout of \$29,745,000 X \$0.03525)	
 Residual Balance for Final Expenses	 <u><u>9,062.50</u></u>

2/16/05 11:38 AM



Sentinel Trust Company
Tarrant County, TX Health Facilities Development Corporation Hospital Revenue Bonds
(Community Health Care Foundation, Inc. Project),
Series 1991 Consolidated
\$29,745,000
Default Issue

Page 2

Account Summary for Tarrant County, Texas-Health Facilities		Bond #128
For Period May 20, 2002 through May 10, 2004		
Beginning Balance		1,357.65
Interfund Transfer		49,105.03
Contributed Capital		10,000.00
Bank Charges		(2,199.97)
Legal Expense		(264,640.46)
Miscellaneous Expense		(15.50)
Other Professional Fees		(77,325.47)
Operating Expense		(50,000.00)
Filing and Recording		(125.00)
Fiduciary & Default Admin. Fees Paid		(56,962.80)
Payable Due Fiduciary Account		(390,806.52)
Fiduciary Fees		(75,537.52)
Interest Expense		(70,909.32)
Default Admin. Fees		(125,022.27)
Fees Paid		56,962.80
Payable Due Sentinel Trust Company		(214,506.31)
Account Balance May 10, 2004		(605,312.83)
Waller, Lansden, Dortch, and Davis Pre May 18, 2004 Unpaid Fees		(5,999.42)
(\$1,394.94 + \$10,603.89=\$11,998.83 @ 50%)		
Heartfield & McGinnis Pre May 18, 2004 Unpaid Fees		(126.00)
(\$252.00 @ 50%)		
Total Pre May 18, 2004 Attorney Fees Unpaid		(6,125.42)
Assessment of Fiduciary Fees for TARRANT COUNTY, TEXAS-HEALTH FACILITIES Post May 18, 2004		
Fiduciary Fee due October 1, 2004		(18,884.38)
Fiduciary Fee due for March 1, 2005-Pro-rated		(15,736.98)
Default Administration Fee through December 31, 2004		(6,400.00)
Default Administration Fee January , 2005		(840.00)
Termination Fee based on Original Issue Amount:		(74,362.50)
Interest Assessment Charged to Overdrawn Accounts		(47,385.94)
Cumberland & Ohio Co.		(1,800.00)
Cumberland & Ohio Co. JAN 2005		(250.00)
Heartfield & McGinnis LLP		(309.40)
Heartfield & McGinnis LLP JAN 2005		(165.25)
Waller, Lansden, Dortch, and Davis		(37,303.98)
Waller, Lansden, Dortch, and Davis JAN 2005		(8,429.57)
Other Fee Assessment (Wyatt, Tarrant, and Combs)		(1,120.00)
Total Expenses Post May 18, 2004		(212,988.00)
2/16/2005 11:38		

Information Concerning Filing Proof of Claim

**\$29,745,000 Tarrant County Health Facility Development Corp. Series 1991 ("Bonds").
Reportedly CUSIP #875906 JJ9, JK6, JL4, JM2, JN0, JP5 and JQ3**

The Commissioner of Financial Institutions placed Sentinel Trust Company in receivership on May 18, 2004. The Sentinel Trust receivership proceedings are pending before the Lewis County Tennessee Chancery Court (In re: Sentinel Trust Company #4781) ("Court").

Sentinel Trust Company (the "Trustee") serves as indenture trustee for this issue. Bondholders have previously been notified of the liquidation of Sentinel Trust Company, the status of the default bond and that there had been a sale of the collateral for the loan financed by the Bonds. You will receive information within the next 90 days concerning the exact par value payment that you will receive concerning your bond principal and how to surrender bonds to collect their final distribution. A separate process is required concerning any additional claims that may exist against Sentinel Trust apart from claims concerning payment for the bond principal. In order to collect on those claims, **you must file the enclosed proof of claim for any additional amounts claimed concerning your bond or as against Sentinel Trust generally.** The Receiver has no records that indicate there are any funds in a Sentinel Trust pooled fiduciary account held at the institution of the receivership at SunTrust Bank that would allow bondholders of this issue to file a claim against those funds.

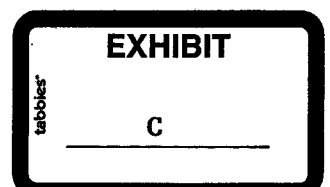
In the event that you do not agree with this conclusion and believe you have a claim against the Sentinel Trust receivership estate, you have until July 31, 2005 to file a claim. Please indicate the amount you are claiming and supply documentation concerning your claim. You will be advised as soon as possible after the claim filing deadline of the recommendation to the Court concerning your claim.

Based on the records of the company, the Receiver is advising all known claimants that the pooled fiduciary account could have approximately \$10,250,000 total claims against it. The amount of claims against the pooled fiduciary account will not be known with any certainty until after the July 31, 2005 claims bar date. At present there is approximately \$2,500,000 in the pre-May 18 pooled fiduciary account. The Receiver anticipates that this amount will increase, but to what amount is presently unknown.

The Receiver will file a report with the Court as soon as possible after the claim filing deadline to advise of the total amount of approved claims and any pro-rata distribution.

Please refer to the website for the Tennessee Department of Financial Institutions at www.state.tn.us/financialinst/ to view updates as to any reports filed with the Court.

Questions about this notice may be directed to the Receiver for Sentinel Trust Company, Jeanne Barnes Bryant at 615-370-0051.



PLEASE READ THIS FORM CAREFULLY AND NOTE THAT YOU ARE MAKING THE FOLLOWING STATEMENTS UNDER OATH:

PROOF OF CLAIM
AGAINST

SENTINEL TRUST COMPANY

BEFORE ME, the undersigned Notary Public, appeared the person whose name is subscribed hereto, who states under oath that, after deducting all offsets and counterclaims the above entity is indebted to her/him as follows:

(Receiver's Use Only)

Claimant Name _____ Claim No. _____
(Party who is executing this claim and to whom payment should be made)

Claimant Address _____
(Street or Box Number) (City) (State) (Zip)

Contact Number _____ E-Mail _____ Tax ID# _____
(Required)

To the extent that the claim relates to a particular bond issue, that information is as follows:

Bond Issue Name: _____ Cert.# _____ CUSIP# _____
(Series No.)

Type of Claim: _____ Bond Issuer _____ Bondholder _____ Other

Amount of Claim: _____ Interest _____ Principal _____ Other

If filing a claim other than which relates to a specific bond issue (i.e. employee or vendor), please state the following:

Nature of Claim: _____ Amount: _____

Please attach all supporting documentation for any claim.

That the above is TRUE & CORRECT, justly owed, and no part of the amount claimed has been paid by Sentinel Trust Company, or any other source. Should monies from any other source be disbursed, I will contact the Receiver and report the amount.

Claimant Signature

SUBSCRIBED AND SWORN BEFORE ME, this _____ day of _____, 20____.

NOTARY PUBLIC

NOTARY NAME TYPED/PRINTED

My Commission Expires: _____

ALL CLAIMS MUST BE PRESENTED AT THIS ADDRESS ON OR BEFORE July 31, 2005 4:30PM CST

Receivership Management, Inc. P. O. Box 2307 Brentwood, TN 37024 or 215 Centerview Dr. , Suite 133 Brentwood, TN 37027 (615) 370-0051 (Filings by Fax are not accepted)

Receivership Management, Inc.

P. O. Box 2307 Brentwood, TN 37024 (615) 370-0051 FAX (615) 373-4336

NOTICE TO BONDHOLDERS REGARDING FINAL DISTRIBUTION

\$29,745,000 Tarrant County Health Facility Development Corp. Series 1991 (the "Bonds"). Reportedly CUSIP #875906JJ9, JK6, JL4, JM2, JN0, JP5 and JQ3,

Sentinel Trust Company ("the Trustee") serves as indenture trustee under that certain Mortgage and Trust Indenture dated as of April 1, 2001 between the Trustee and Tarrant County Health Development Corp. ("the Issuer"). The current outstanding principal amount of the Bonds is \$29,745,000.00.

The Receiver for Sentinel Trust Company has filed with the Chancery Court in Lewis County, Tennessee a Motion requesting approval to make a final distribution to bondholders. The estimated distribution will be approximately \$35.25 per \$1,000.00 principal amount of the Bonds. The final distribution represents the amount available for bondholders after deducting all fees incurred in connection with the collateral sale, default administration, legal and professional fees.

Please refer to the Tennessee Department of Financial Institutions website at [tnfdi.com](http://www.tnfdi.com) to view the Motion and Exhibits concerning these fees and expenses. The Motion for Approval for payment to bondholders will be heard by Chancellor Donald P. Harris in Lewis County Chancery Court in Hohenwald, Tennessee on February 28, 2005.

Bondholders with questions about this notice may contact the Receiver for Sentinel Trust Company, Jeanne Barnes Bryant at 615-370-0051.

Dated: February 18, 2005

Sentinel Trust Company, as Trustee

